

Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 EB-08 AGR-01
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FM AMEMBASSY WELLINGTON
TO SECSTATE WASHDC 6061
INFO AMEMBASSY BRUSSELS
AMEMBASSY CANBERRA
USMISSION GENEVA
AMEMBASSY TOKYO
CINCPAC HONOLULU
AMCONSUL AUCKLAND

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SUBJECT: NEW ZEALAND-JAPAN TRADE POLICY NEGOTIATIONS

REF: (A) WELLINGTON 3607, (B) TOKYO 11426,
- (C) WELLINGTON 1290, (D) TOKYO 13261

SUMMARY: THE VISIT OF THE JAPANESE MINISTER OF EXTERNAL
ECONOMIC RELATIONS USHIBA, ORIGINALLY DESIGNED AS A
GOODWILL GESTURE, HAS, THANKS TO AN ENCOUNTER BETWEEN
THE MINISTER AND THE PRESS, ACTUALLY SET BACK THE
PROGRESS OF NEW ZEALAND-JAPANESE RELATIONS. PRIME
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MINISTER MULDOON HAS DECLINED TO SIGN A DRAFT FISHING
AGREEMENT UNTIL THE DOCUMENT CLEARLY SPELLS OUT THE
LINKAGE BETWEEN ACCESS TO NEW ZEALAND FISH AND ACCESS
TO JAPAN FOR NEW ZEALAND PRIMARY PRODUCTS. END SUMMARY.

1. ON FRIDAY OF LAST WEEK, READERS OF WELLINGTON'S
MORNING NEWSPAPER WERE GREETED BY FRONT-PAGE HEADLINES

READING "TOKYO ENVOY DENIES MAJOR TRADE DEAL
BREAKTHROUGH." THE FOLLOWING STORY SUMMARIZED A PRESS
CONFERENCE GIVEN BY MINISTER USHIBA AT THE CLOSE OF
HIS FLYING CONSULTATIVE VISIT TO WELLINGTON LAST WEEK.
USHIBA'S PURPOSE IN VISITING NEW ZEALAND WAS TO BRIEF
THE GOVERNMENT HERE ON RESULTS OF THE BONN ECONOMIC
SUMMIT. THE JAPANESE SAID THEY PREFERRED NOT TO
DISCUSS BILATERAL TRADE MATTERS, AS MR. USHIBA'S
MANDATE WAS RESTRICTED TO THE MULTILATERAL ARENA.
ALTHOUGH GOVERNMENT OFFICIALS WONDERED ABOUT THIS LAST
POINT, THEY ACCEPTED THE VISIT FOR WHAT IT WAS, PRIMARILY
A GOODWILL GESTURE. DURING THE MAIN MEETING WITH THE
CABINET ECONOMIC COMMITTEE, USHIBA DWELT EXCLUSIVELY ON
THE BONN SUMMIT. HE ADDED NOTHING NEW FOR THE NEW
ZEALANDERS.

2. IN A SUBSEQUENT SESSION WITH MINISTER OF OVERSEAS
TRADE TALBOYS, USHIBA WAS, HOWEVER, PRESSED ON THE
QUESTION OF ACCESS TO THE JAPANESE MARKET. USHIBA TOOK
A GENERALLY INFLEXIBLE LINE ON THESE ISSUES, STICKING
TO THE JAPANESE POSITION EXPRESSED EARLIER BY VISITING
AGRICULTURE MINISTER NAKAGAWA. USHIBA DID, HOWEVER,
SAY THAT IN TIME HE THOUGHT THE JAPANESE COULD CONSIDER
RETHINKING THEIR INTERNAL PRICING POLICIES FOR MEAT AND
DAIRY PRODUCTS. THIS COMMENT WAS CHARACTERIZED TO US
BY A SENIOR NEW ZEALAND OFFICIAL AS A "CHEAP GESTURE."
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3. FOLLOWING THE OFFICIAL TALKS, USHIBA MET THE PRESS
AND HERE THE TROUBLE STARTED. ALTHOUGH THE GNZ AND GOJ
HAD AGREED THAT THE USHIBA VISIT WOULD BE SEEN MERELY
AS A GOODWILL GESTURE TO BRIEF LEADERS ON THE SUMMIT,
THE PRESS HONED RIGHT IN ON THE BILATERAL ISSUES.
DRAWN IN, USHIBA THEN REPORTEDLY SAID EMPHATICALLY THAT
JAPAN WOULD BE MAKING NO ALTERATION TO ITS PRICING
MECHANISM FOR BUTTER AND BEEF IN THE FORESEEABLE FUTURE.
USHIBA ALSO APPARENTLY WATERED DOWN THE EARLIER
NAKAGAWA ASSURANCES ON A DUTY REDUCTION FOR SQUID, SAYING
THIS CONCESSION WAS OPEN TO ALL COUNTRIES AND WOULD
ONLY APPLY IN STEPS OVER EIGHT YEARS, BEGINNING IN
1980. HOWEVER, THE CROWNING BLOW WAS A REPORTED
STATEMENT THAT TO HIS KNOWLEDGE FISHING AND TRADE WERE
NOT LINKED. THIS, SAID THE PRESS, WAS "A DIRECT
CONTRAST TO THE STATEMENTS ISSUED AFTER THE NAKAGAWA
TALKS." THUS USHIBA APPEARED TO BE REFUTING WHAT NEW
ZEALAND HAS TRIED TO ESTABLISH OVER THE LAST MONTHS:
A FIRM LINKAGE BETWEEN THE TWO ISSUES.

4. THE LABOR OPPOSITION, AS EXPECTED, JUMPED ON THE

USHIBA STATEMENT, SAYING THAT THE MINISTER'S WORDS AND THE VEIL OF SECRECY ABOUT THE NAKAGAWA AGREEMENT GAVE THE IMPRESSION THAT THE GOVERNMENT HAD SOMETHING TO HIDE AND THAT THE TRADE BREAKTHROUGH WAS MORE LIKE A TRADE BREAKDOWN. LABOR OVERSEAS TRADE SPOKESMAN FREER WAS PARTICULARLY CRITICAL OF THE GOVERNMENT'S HANDLING OF THE AFFAIR, LABELLING IT "BLACKMAIL" OF A FRIENDLY NATION.

5. REACTION OF THE PRIME MINISTER WAS NOT LONG IN COMING. IN A NATIONAL TELEVISION PRESS INTERVIEW HE ANNOUNCED THAT HE HAD INSTRUCTED HIS OFFICIALS NOT TO INITIAL THE DRAFT FISHERIES AGREEMENT CONCLUDED WITH JAPAN THIS WEEK UNLESS THE TEXT WAS MODIFIED TO STATE CLEARLY AND UNEQUIVOCALLY THAT BOTH PARTIES RECOGNIZED LIMITED OFFICIAL USE

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NIZE THAT ACCESS TO NEW ZEALAND'S FISHING ZONE WAS TIED TO NEW ZEALAND PRIMARY PRODUCT ACCESS TO THE JAPANESE

MARKET. ("I'VE GOT A WORDING HERE THAT MAKES SENSE TO ME: 'NEW ZEALAND'S INTERESTS INCLUDING THE LEVEL OF ACCESS TO THE JAPANESE MARKET PROVIDED FOR NEW ZEALAND'S AGRICULTURAL EXPORT.' NOW THAT'S PLAIN ENGLISH. ANYONE CAN UNDERSTAND THAT. MAYBE IT WON'T BE ACCEPTABLE IN THAT FORM, BUT TO HAVE THIS EXPERIENCE OF VARIOUS AGREEMENTS BEING MADE WHICH WE UNDERSTOOD AND THEN A JAPANESE REPRESENTATIVE OR A JAPANESE MINISTER MAKING A VERBAL COMMENT WHICH TENDED TO DETRACT FROM THE IMPACT OF WHAT WE BELIEVED WE HAD AGREED. WELL, THIS IS THE FINAL AGREEMENT--THE MOST IMPORTANT ONE--AND WE'RE NOT PREPARED TO HAVE IT ON ANY OTHER BASIS THAN A BASIS OF CLARITY.") SUBSEQUENTLY, JAPANESE AMBASSADOR KAGEI REPORTEDLY TOLD JOURNALISTS HE DOUBTED HIS GOVERNMENT COULD AGREE TO THE PRIME LIMITED OFFICIAL USE

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MINISTER'S LAST-MINUTE LANGUAGE CHANGE. THUS, WHAT BEGAN AS A GOODWILL VISIT CONCERNED WITH MULTILATERAL ISSUES HAS BACKFIRED AND RETURNED THE WHOLE NEW ZEALAND-JAPANESE DISPUTE FOR THE MOMENT BACK TO SQUARE ONE.

6. EMBASSY COMMENT: WHERE WE GO FROM HERE IS PRESENTLY UNCLEAR. A SENIOR MINISTRY OF FOREIGN AFFAIRS OFFICIAL, WHILE OBVIOUSLY DISAPPOINTED, FELT THAT THE GENERAL COMMUNITY OF INTERESTS BETWEEN THE TWO COUNTRIES, INCLUDING AN ALREADY SUBSTANTIAL AMOUNT OF NEW ZEALAND EXPORTS, WOULD EVENTUALLY BRING THE TWO PARTIES TOGETHER. IN THE MEANWHILE, THE ISSUE WILL CONTINUE TO CLOUD RELATIONS BETWEEN THE TWO COUNTRIES. IT IS ALSO WORTH NOTING IN THIS REGARD THAT AS THIS DISPUTE HAS PROGRESSED IT HAS BECOME MORE OF A CONTENTIOUS POLITICAL ISSUE DOMESTICALLY IN CONTRAST TO THE EARLIER OVERALL SUPPORT THE GOVERNMENT HAD RECEIVED IN PRINCIPLE (REF C). AS A RESULT, THE PRIME MINISTER'S FLEXIBILITY MAY BECOME INCREASINGLY LIMITED. TO RETREAT FROM SUCH A STRONG PUBLICLY STATED POSITION JUST BEFORE AN ELECTIN IS A POLITICALLY DANGEROUS MOVE WE DOUBT MULDOON WILL READILY TAKE. SELDEN

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